



**Project #: 527-A-00-02-00134-00**  
**Reporting Period: January – March 2006<sup>1</sup>**  
**SO12**

## **I. Summary of Activity Status and Progress**

### **A. Introductory Paragraph**

This quarterly report informs on the progress in the second quarter of the reformulated CEDEFOR project, focusing on achieving forest certification of the assisted forest managers. The implementation period of this new phase of CEDEFOR is October 2005 to September 2006.

The long term goal of the revised CEDEFOR project is to promote efficiency and sustainability of 566,000 hectares belonging to permanent production forest and community forest in the Peruvian Amazon by the application of responsible forest management practices that meet the criteria of an internationally recognized certification system. This way, the project will directly contribute to national economic growth, the conservation of forest resources, as well as to the Government of Peru's Alternative Development Program.

During this report period, there have been important advances particularly reaching concessionaires commitment to forest certification and to CEDEFOR project. Also, there had been concrete advances in the implementation of forest inventories as well as in the elaboration of General Forest Management Plans (GFMP) and Annual Operational Plans (AOP). This period (January – March) was the peak of the rainy season in most of the project areas, so access to the forest was limited and in some places impossible due to heavy and continuous rains. For that reason, the implementation of some planned activities were delayed to the next quarter.

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## B. Highlights

- A group of seven forest companies (*Emetci A y B, Forestal Rio Huascar, Grupo Espinoza, Consorcio Forestal Amazonico, Fecomazan, Induflosa*) controlling 13 forest concessions confirmed their commitment towards forest certification and to CEDEFOR project support when they completed their action plans for certification. For this, WWF technical staff held several meetings with each of these seven forest companies.
- The concessionaire *Forestal Rio Huascar* implemented the exploratory inventory in a total area of 25,533 hectares, while four exploratory inventories had to be delayed a couple of weeks mainly due to weather problems and lack of cash flow of the forest concessionaire. One of them will be finished in April (*Consorcio Forestal Amazonico*) and three more will be done by the end of May (*Emetci A y B, Von Humbolt Fores, and Induflosa*).
- In Madre de Dios, with the support of CEDEFOR STAFF, a group of five concessionaries (*Maderacre & Maderija, Emetci A y B, Forestal Rio Huascar and Grupo Espinoza*) presented their Annual Operational Plans (AOP) for harvesting period 2006/2007 to INRENA local office.
- In Loreto, with the support of a consultant contracted by CEDEFOR project, 14 concession holders in Loreto completed and presented their General Forest Management Plans (GFMP), corresponding to a total of 96,751 hectares.

## C. Table of Budget

Activity Number	Activity Title	Status	Total programmatic Budget (US\$)
1	Sustainable Forest Management and Forest Certification	On-track	1,172,079
2	Strengthening of the institutional environment	On-track	293,165
3	Phasing out of previous commitments and Systematization.	On-track	96,138
4	Operational Cost office	On-track	190,100
	<b>Total</b>		<b>1,751,482</b>

Status Categories: Completed, On-track, Delayed, Mixed performance, Pending, Canceled

## II. Description of Site Progress

### A. *Key short and long-term program objectives for the sites.*

This project aims to achieve the following key objectives:

**Objective 1:** Sustainable Forest Management and Certification of selected concessions and community forests through effective and responsible forest management

**Objective 2:** Strengthening of the direct institutional environment of the direct beneficiaries through creation of green market links, improvement of governmental procedures and technical capacities of regional offices, and strengthening of Local Forest Management Committee (LFMC) and forest regents in their capacities to respond to the needs of the communities and private concession holders.

**Objective 3:** Phasing out of previous commitments and documentation of previous project experiences.

### B. *Summary of Progress for Site* (if this provides added value or clarity, otherwise skip this section)

#### B.1. *Summary of Result Indicators*

Intermediate Result 1: Forest concessions and indigenous communities assisted by WWF (566,082 Has) carry out forest use under international standards assuring the forest resources permanence

	Goals	Baseline	Advances October – December 2005	Advances January- March 2006
IR1	566,082 has of certified forest	0	35,681 has	0
IR2	10 forest concessionaires y 05 indigenous communities certified	0	05 indigenous communities	0

Intermediate Result 2: A demand for certified timber from forests assisted by WWF has been created, formed by a group of timber companies of primary and secondary processing which have obtained the Chain of Custody certification.

	Goals	Baseline	Advances October – December 2005	Advances January- March 2006
IR3	13 processing industries with CoC certification	05 enterprises	No processing industry has achieved certification during this period	01 forest concession with primary processing industry (Maderacre & Maderija) and a manufacturer in secondary processing industry are ready to be certified in CoC certification
IR4	Value of certified timber sold by concessionaires and/or indigenous communities.	0	\$ 7,000.	The harvesting period of 2005 finished in past December, an the new period will start in May.

## B.2. Summary of Progress Indicators

Activity 1: The concessions and forest communities implement actions to guarantee a good forest management, and therefore contribute with obtaining the certification.

	Goal	Baseline	Advances October – December 2005	Advances January- March 2006
IP1	14 action plan for certification done	1 done ( <i>Maderacre &amp; Maderija</i> )	1 done : <i>Von Humbolt Forest</i>	6 done: <i>Emetci A y B, Forestal Rio Huascar, Grupo Espinoza, CFA, Ecomazan, Induflosa.</i>
IP2	14 exploratory inventory implemented (656,468 has)	04 done ( <i>Maderacre&amp;Maderija, AZCART, Carlos Munoz Valdivia, EMALPA</i> )	1 done: <i>Ecomazan: 38,615 ha</i>	01 done: <i>Forestal Rio Huascar: 25,533 ha</i>
IP3	14 General Forest Management Plan (GFMP) adjusted to international standards (490,228 has)	0	1 in process: <i>M&amp;M: 98,932 ha</i>	02 done: <i>Maderacre y Maderija: 98,932 ha</i>
IP4	14 commercial inventory implemented (16,668 has)	0	06 done: <i>M&amp;M: 5,000 ha</i> <i>Forestal Rio Huascar: 1,124.95 ha</i> <i>Asociación Alto Saposoa 2005: 312 ha</i> <i>Industrial Flores 2005: 571.3 ha</i> <i>Industrial Flores 2006: 591.1ha</i> <i>Carlos Muñoz Valdivia: 211 ha</i>	02 done: <i>Emetci A y B: 1,317 ha</i>
IP5	14 concessions with Annual Operation Plan (AOP) approved by INRENA (16,668 has)	0	02 done, in process to be presented to INRENA: <i>M&amp;M: 5,000 ha</i> <i>Forestal Rio Huascar: 1,124.95 ha</i>	6 done that were presented to INRENA: <i>Maderacre y Maderija: 5,000 ha</i> <i>Emetci A y B: 1,317 ha</i> <i>Forestal Rio Huascar: 1,124.95 ha</i> <i>Grupo Espinoza: 3,954 ha</i>

Activity 2: INRENA, through its regional offices, has implemented administrative procedures to facilitate the approval process of the AOPs and GFMPs.

	Goal	Baseline	Advances October – December 2005	Advances January- March 2006
IP6	MIRA–CoC (now Panda Track) system in operation.	0	Panda Track software was approved by INRENA staff in Lima and in the regions	A consultant was contracted to implement Panda Track System in five regional offices
IP7	10 resolution projects that facilitate the implementation of GFMP and AOP submitted to INRENA.	0	02 resolution projects have been presented to INRENA	05 resolution projects have been presented to INRENA

Activity 3: The Local Forest Management Committee (LFMC) have promoted the sustainable forest management of concessions and communities assisted by CEDEFOR project.

	<b>Goal</b>	<b>Baseline</b>	<b>Advances October – December 2005</b>	<b>Advances January- March 2006</b>
IP8	08 LFMC legally recognized by INRENA.	06 LFMC legally recognized by INRENA	No advances in this period.	Reactivation of 02 LFMC in MDD, updating their registration according to new regulations
IP9	08 with prepared strategic plans.	04 LFMC have developed their strategic plan		No advances in this period
IP10	Monitoring records of mobilized timber within the concessions and communities assisted and located within the Forest Management Unit are done.	0		One CGB has been assisted in acquiring data (Alto Huallaga)
IP11	A conflict resolution mechanism between forest concessionaires and forest communities is Implemented.	0		A proposal is in elaboration in one LFMC (Alto Huallaga) An additional LFMC needs to be formed to assist conflict resolution in Soritor

### C. Activity Description

#### CEDEFOR component I: Sustainable Forest Management and Forest Certification

##### i. Summary of major achievements and progress

##### Forest Concessions

- During this reporting period, CEDEFOR and INRENA started a joined process of monthly revision of the progress in each assisted concession. In first instance, all forest concessions were evaluated on their interest, capability and financial capacity for obtaining the certification. As a result of this the following actions were taken:
  - o In Madre de Dios, one group of concessionaires decided not to apply for WWF assistance (*Forestal Rio Las Piedras*). In Ucayali, activities were discontinued with BTA, since the company showed lack of interest. They were replaced by *Forestal Rio Huascar* (25,533 hectares) and a group of forest concessions *Grupo Espinoza* (81,128 hectares), both in MDD.
  - o Activities in three concessions, *Fine Forest (Ucayali)*, *EMALPA (Huanuco)* and *Asociacion Alto Saposoa* (San Martin) were put on stand by due to lack of progress in the certification process,<sup>2</sup>..
  - o A priority list was formulated, based on the potential to achieve certification:
    - Priority 1(06):
      - Madre de Dios : *Maderacre & Maderija, Forestal Rio Huascar, Grupo Espinoza*
      - Ucayali : *CFA-Consorcio Forestal Amazónico, Von Humboldt Forest.*
      - Huanuco : *Wenceslao Carlos Muñoz Valdivia,.*
    - Priority 2 (04):
      - Loreto : *Ecomazan, Induflosa.*
      - Madre de Dios : *Emetci A y B,*
      - San Martín : *COPEFOR*
- Throughout this reporting period, there has been important advances towards certification goals in some of these priority concessions. Following the USAID methodology<sup>3</sup> to quantify the progress in the implementation of the reformulated CEDEFOR plan, up to the second quarter, a progress of 37% can be noted (see Annex 1). Four concessions in Madre de Dios (*Maderacre & Maderija, Forestal Rio Huascar, Grupo Espinoza, Emetci A y B*) showed major advances in inventory work (exploratory and commercial) and the presentation of annual operating plans . The concessionaires in Ucayali (*CFA-Consorcio Forestal Amazónico, Von Humboldt Forest*), showed less progress in the implementation of the action plan for certification mainly due to weather problems.
- Concrete results in terms of main indicators of technical assistance towards certification are mentioned below:
  - o **Action plans for certification.** Target for the period: seven (07) action plans.  
During this reporting period, WWF technical staff held several meetings with each of these seven concessionaires in order to agree upon an action plan that demonstrates a concrete commitment from the concessionaire towards the certification process. By the

<sup>2</sup> In the case of *Fine Forest*, field activities haven't shown much progress and so far we only have the word of the concessionary that he will improve operations, but this has not been supported by actions. Between January and April, they did not have any presence in the field. *EMALPA* has internal problems between partners, as well as external problems with the neighboring community of Santa Marta, and had not made any effort to resolve these problems in the last few months. *Asociación Forestal Alto Saposoa* does not have the financial capability to construct its access road, attempts to bring in partners failed due to unacceptable conditions set by the potential partners.

<sup>3</sup> USAID methodology to quantify the progress consists in assigning a percentage weight to each activity. Each concession gain points as soon as the activity is done.

- end of the period, seven (07) action plans were finished (*Emetci A y B, Forestal Rio Huascar, Grupo Espinoza, Consorcio Forestal Amazonico, Fecomazan, Induflosa*) and a contract agreement was signed for each one of them.
- **Exploratory inventories.** Target for the period: five (05) exploratory inventories.  
During this reporting period, only one (01) exploratory inventory was implemented in a total area of 25,533 hectares corresponding to the concessionaire *Forestal Rio Huascar*. The implementation of the other four (04) exploratory inventories were delayed a couple of weeks for different reasons (mainly due to weather problems, but also lack of cash flow of company and change of WWF personnel). Some inventories are currently being implemented (*Consorcio Forestal Amazonico and Grupo Espinoza*). These, will be finished in April and three more by the end of May (*Emetci A y B, Von Humbolt Forest, and Induflosa*).
  - **General Forest Management Plan (GFMP) adjusted to international standards.** Target for the period: four (04) GFMPs.  
During this period, two (02) GFMP were adjusted to international standards (*Maderacre and Maderija*). Two GFMPs are still in progress (*Carlos Munoz Valdivia and Fecomazan*), while the PGMF of *Induflosa* is delayed due to the delay in its exploratory inventory.
  - **Commercial inventories.** Target for the period: two (02) commercial inventories.  
During this period, WWF technical staff support the concessionaire *Emetci A y B* in the implementation of its commercial forest inventories for the AOP 2006 of both concessions (1,317 ha).
  - **Annual Operation Plan (AOP) presented to INRENA.**  
Target for the period: AOPs of four concessionaries.  
During this period, with support of WWF technical staff in Madre de Dios, a group of six concessionaries (*Maderacre, Maderija, Emetci A y B, Forestal Rio Huascar, Grupo Espinoza*) presented their AOPs for harvesting period 2006/2007 to INRENA local office.
  - **Diagnostic evaluation toward certification.**  
During this period, WWF technical staff realized diagnostic evaluations in the concessions of the *Grupo Espinoza* (four forest concessions) located in Madre de Dios, and *Fecomazan* located in Loreto.
- In addition to this, CEDEFOR legal staff continued to provide assistance to concessionaires particularly in preparing proposals for refinancing and suspension of Forest Harvesting Payments<sup>4</sup>. Assistance consisted of providing legal solutions for each particular concessionaires' problem, through the elaboration of legal documents to present to INRENA. Also, legal assistant was provided in the organization of internal documents of forest concessions such as accounting documents, administrative procedures, and contracts signed with thirties parties. All these documents should be formalized by the time of certification.

## Communities Forest

- CEDEFOR, through the NGO AIDER, is committed to support the consolidation of the certification of five indigenous communities in Ucayali. In this period, assistance to communities has been focused on the following topics:
- Resolve INRENA observations regarding georeferencing of the certified territories of the indigenous communities
  - Initialize the legal procedures to demand for the discount in the Forest Harvesting Payments<sup>5</sup>. By the end of March, a 25% discount on their harvesting rights payment was awarded.

<sup>4</sup> In Spanish, *Pagos por derecho de aprovechamiento*.

<sup>5</sup> Idem.

- Submission of their annual operating plans. Five plans were submitted, but by end of March only one field inspection had been performed by INRENA and none had been approved yet.
- Strengthening the social and economic organization

## ii. Key management issues

### Concessions

- The main obstacle for forest management during this second implementation period (January to March) was the weather. Due to heavy and continuous rains (this was the peak of the rainy season in most areas), access to the forest was limited or impossible in some places. For example, Te forests of three of the five communities working with AIDER were completely inundated, water levels reached up to 3 meters above soil level.

The rain affected several regions in different ways: in Atalaya (Ucayali) and Loreto most traditional timber species were transported by water, so timber harvested during 2005 was floated down to sawmills. The same situation happened with mahogany in Madre de Dios: harvesting and management activities in the forest were more difficult, particularly in those concessions whose main access is done by road. In Loreto and Atalaya, the progress was reasonably well, but were delayed in Madre de Dios and Aguaytia.

For the above reason, during this period, the project put more emphasis on the administrative formalization of the companies. A revision of concession's organization and labor relations has showed that these areas require to be improved; this will be the purpose in the remaining life of the project, for that, it will be necessary that WWF lawyers work closely with the concessionaire in these aspects.

- It also became clear that several companies have serious problems meeting their obligations towards INRENA, both in terms of their Forest Harvesting Payments<sup>6</sup> and in submitting general management plans and operational plans before the deadline. Adjustments in rules and regulations has made possible for these and others companies, to either pay their due or come to refinancing arrangements with INRENA.
- The financial problems have mainly been due to inability to access the concession for social or financial reasons. Access roads require high initial investment as well as complex negotiations with neighboring communities and settlements. Still, several of the certification initiatives require to solve these problems and our assistance has been put on standby until their ability to meet the requirements and come to viable forest management operations has been shown. For the companies *Asociación Forestal Alto Saposoa*, *EMALPA*, and *Emetci A and B*, this means that they have until May 1<sup>st</sup> to show their viability and legal arrangements. Otherwise, CEDEFOR project will have to withdraw the support. Activities with *BTA* and *Fine Forest* were stopped completely, due to their unwillingness to operate between January and April, even if it were only on the administrative and planning side.
- *Asociación Forestal Alto Saposoa* has been unable to construct its access road to lack of financial means. More than one negotiation with potential partners had been broken off due to unfavorable conditions set by those partners. While this showed the commitment of the concessionaire with good forest management, it has set back progress in the forest certification goals. Unless access is secured before the end of April it is not likely that the concession will achieve certifiable forest management standards before the end of the CEDEFOR project.

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<sup>6</sup> In Spanish, *Pagos por derecho de aprovechamiento*.

- *EMALPA* has serious social problems, both internally (between partners) and externally (with the Santa Marta community). Nevertheless, the principal partner has not taken any steps to solve them and has decided to capitalize the company by renting out their equipment to operations in Loreto. Prospects for improvement are dim and are not expected before the end of the CEDEFOR project.
- *EMETCI A and B*, two concessions of the same company, also has problems between partners. They have taken steps to solve the problems, which may also result in additional finance for the forest operations. They have committed themselves to show before May 1<sup>st</sup> that they will be fully operational and ready to start the exploratory inventory. CEDEFOR maintains continuous contact with the company's representative, and progress so far is promising.
- On the other hand, *COPEFOR* (previously *COPEBAR*) is actively involved in solving the complex social problems that have not permitted it to construct its main access road. Negotiations involve settlements, the mayor of the Soritor district, the Regional Government of San Martin, the special project Alto Mayo, and the regional office of INRENA. WWF staff has played a facilitating role and has offered technical assistance to the company (Environmental Impact Study of the road) as well as to the district (information on forest resources and current land use). The concession is expected to be fully operational by the end of May.
- In Loreto, both companies have problems meeting the requirements for initial investments. In Loreto the concession process started early 2005, and companies are just leaving their "exceptional harvest plans" to enter into formal management. While *Fecomazan* is on track with the action plan, and has arrangements with INRENA to meet legal requirements, *Induflosa* has a cash flow problem that caused delays in the implementation of its exploratory inventory. These problems should be resolved by the first week of May, when the inventory teams will enter to do the exploratory inventory. It is expected that by the end of June, this company will be transferred to the IIAP project "Focal Bosque". This project assists other concessions in the same Requena area. Discussions between WWF staff and IIAP staff are well advanced.
- While *Fecomazan* technically is on track, a number of potential social risks are arising. These will have to be addressed during the following months. During the forest inventory, illicit crops were detected within the concession. The concessionaires have reached agreements with several of the crop owners to take their cultivation elsewhere, but others are more resistant and possibly are getting organized. In addition, the concessionaires are looking for ways to stop illegal logging of cedar in the southern part of their concession.

Simultaneously, being the only concessionaire in the region with a presence in the forest, it face all the criticism that has received the law process in the region. There is no Forest Management Committee, and INRENA presence is limited. Also, objective and independent information about the concession process is not available or little understood within the region. For example, other concessions, neighboring *Fecomazan*, are positioned over what are considered to be community lands (some have titles, other not), but *Fecomazan* is held "responsible" for this.

At the same time, this concession offers one of the few legal employment opportunities. The small sawmill operated by them also offers services for neighboring communities, although the legality of such arrangements may be questionable, since it is not clear whether current arrangements meet with the "subsistence" definition of INRENA, under which communities may harvest a limited number of trees for subsistence use, without harvesting permits. In addition to this, the successful operation of this concession is politically and socially very important for the region. WWF is committed to continue the action plan and to facilitate greater communication between the different actors in the area, seeking the support of INRENA.

- Similar situations occur in Atalaya, an area heavily affected by illegal logging. Already an agreement has been reached with INRENA, in which they commit themselves to promote Sustainable Forest Management (SFM) in the communities surrounding the *Consorcio Forestal*

*Amazonico* concession. This involves improving information on community rights and responsibilities in relation to forest resources. In coordination with other WWF projects (FORIN<sup>7</sup> and GFTN<sup>8</sup>), an environment is created that is more conducive to sustainable forest management in the area, with a potential of up to 400,000 ha of well managed (and certified) forest by the end 2008.

## **Communities**

- Marketing of timber is still the weakest link in the certified communities, partially due to the difficulty of selling small quantities, but above all because flooding of the community forests during the evaluation period.
- Rules and regulations for forest management are not adjusted for community forests. For that reason, WWF is participating in the National Community Forest Management Working Group in order to revise these rules and regulations aiming to promote sustainable forest management in communities. This working group was set up as a result of the International Workshop held in Pucallpa in November 2005, among others, with the support of CEDEFOR resources. The working group has presented a first proposal on new guidelines for forest management plans in community forests, which is being discussing at different levels in several institutions.
- Approval of Annual Operating Plans is going slow. Support of the STEM-INRENA project is sought to speed up this process.
- During the following months, harvesting and marketing will receive greater support. It is expected that by June, these communities will start to contribute with 10% of their sales value to the costs of the forest regent.

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<sup>7</sup> FORIN project: Strengthening of Sustainable Forest Management in Indigenous Communities of the Peruvian Amazon.

<sup>8</sup> GFTN project: Responsible Forest Management and Trade to Reduce Poverty among Indigenous Communities in Latin America.

## CEDEFOR component II: Strengthening of the institutional environment

### i. Summary of major achievements and progress

**Results 2.1.** A processing industry is moving towards Chain of Custody (COC) certification and directly contributes to the creation of a certified timber market for products of the direct beneficiaries.

- During this period, progress in CoC certification was slow, since companies are waiting for certified forest areas. It is expected that at least three companies will be evaluated before the end of June. Even thus, forest processing industries' interest for CoC certification has increased; two new processing industries, *H&E Maderas* and *Maexco*, both belonging to *Vulcano Group*, has asked for CEDEFOR assistance to achieve CoC certification. Both companies passed a first evaluation in which weak points along their processing chain of production were identified and incorporated within an action plan.
- In addition to this, *Maderacre & Maderija* (two concessions with primary processing industry) and *Alida* (a manufacturer in secondary processing industry) had finished to implement their action plans for CoC certification. *Maderacre & Maderija* has already contacted Smartwood - an international certifier - for evaluating Forest and Chain of Custody Certification. In the case of *Alida*, it will be evaluated in April by *Contro Union* certifier, member of the Control Union World Group.
- Besides this, CEDEFOR technical staff supported the evaluation of the primary processing industry belonging to the forest concessionaire *Carlos Muñoz Valdivia*, who is also receiving CEDEFOR assistance for forest certification. As a result of this evaluation, the company requires to improve some elements of their control sheets.

**Results 2.2.** *The National Institute of Natural Resources (INRENA) facilitates and guarantees the effective implementation of the administrative processes to achieve certification goals.*

- CEDEFOR project is supporting the INRENA database with the implementation of the PandaTrack system, which will permit the monitoring of harvested and transported timber of those concessions connected to the system, allowing real time information exchange between the regional offices of INRENA and its headquarter in Lima. Up to date, the software got the interest of INRENA staff in Lima, and will be validated at regional level. For this purpose, a consultant has been contracted who will be responsible for the following activities: implement Panda Track System in five regional offices and give assistance to INRENA staff in regional offices, design and develop an interface system to link INRENA database (CIEF) and Panda Track System.
- Following the process of strengthening the forest concession system, particularly in the development of technical, normative and administrative documents and criterias regarding forest harvesting, during this period the group of consultants contracted by CEDEFOR to elaborate these normative and technical documents had prepared the following 05 resolution projects that will be incorporated into the Peruvian legislation:
  - o Resolution Project for the approval of new value for timber.
  - o Directive Project for the regulation of evaluation and approval process of the General Forest Management Plan (GFMP) and Annual Operation Plan (AOP).
  - o Directive Project to regulate the approval, administration and control of a Consolidate GFMP.
  - o Proposal to improve the Incentives System<sup>9</sup> for the Forest Harvesting Payments<sup>10</sup>

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<sup>9</sup> In Spanish, *Sistema de Regímenes Promocionales*.

- Directive Project for the exclusion and compensation of Permanent Production Forest<sup>11</sup> and timber-producing forest concessions.

These documents had been presented to INRENA for their revision, and WWF will follow up on them to assure they will be implemented at national level.

**Results 2.3.** *The Local Forest Management Committee (LFMC) strengthened in certain relevant capacities to actively participate in the sustainable management of forest resources and to combat illegal logging in the selected forest concessions and community forests.*

- Activities within the Forest Management Committees (FMC) relate strongly to their roles in creating favorable environments for sustainable forest management of the certification initiatives. Thus, from the eight FMC initially identified, CEDEFOR activities will continue with four of them in Madre de Dios (*Rio Acre and Rio Tahuamanu*), San Martin (*Alto Huallaga*) and Ucayali (*Aguaytia*). From this group, FMC in Madre de Dios needs to be reactivated, considering that one the first activities should be analyze their role in the region. For example, in the case of *Rio Acre* Forest Management Unit, an association is being formed by several companies to administer the use and maintenance of their common access road. Since they have a common goal, it was relatively easy to form the association.
- In Ucayali, the *Cohuengua FMC* has been highly politicized, so this committee was not able to play an important role in resolving the conflict between the *Consorcio Forestal Amazonico* and the *Shurinashi community*. In the coming months, it will be necessary to revise their responsibilities with the purpose of defining an active role in the process of solving conflicts.
- In San Martin, the *Alto Huallaga FMC* has been crucial in informing local actors about forest management and has assumed an important role in supporting the concession *Carlos Muñoz Valdivia* in the elaboration of its public relations strategy. In a similar way, the *Aguaytia FMC* (located in Ucayali) has played an important role in the control of illegal logging. It has received additional USAID funding through an IRG<sup>12</sup> project; through their management a new initiative has been arisen: an association of past illegal loggers aimed at achieving legal access to the forest resources.
- In this region, the other two FMCs previously prioritized (*Saposo and Alto Saposo*) had became less important for the certification initiatives, but well establishing a FMC in Soritor is being considering more important. Assistance is sought from the INRENA-STEM project to speed up formation of the FMC.

## ii. Key management issues

### *Regarding common work plan with INRENA*

- Changes in personnel within INRENA have delayed some of the project activities. However, in general, during the reported period, progress was satisfactory, especially considering that the first revised legal norm (which specify and clarify re-entry criteria and procedures) has officially been approved.
- Training in the use of Pandatrack software was delayed due to changes in personnel as well as due to doubts on the possibility to create a link between the software and INRENA's existing

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<sup>10</sup> In Spanish, *Pagos por derecho de aprovechamiento*.

<sup>11</sup> In Spanish, *Bosques de Producción Permanente (BPP)*

<sup>12</sup> International Resources Group (IRG), an international professional services firm.

information system. Both problems had been resolved; and in May, the training and validation process of the system will begin.

- WWF lawyers have analyzed obstacles in the relations between INRENA and concessions in two regions and will do so in one more. This analysis set up the basis for joint working plans (INRENA-WWF-concessionaire) to resolve the mayor obstacles. It is expected that by mid May, clear action plans will have been agreed upon for each of the certification initiatives.

### **CEDEFOR component III: Phasing out of previous commitments and Systematization.**

#### **i. Summary of major achievements and progress**

Se revisaron, corrigieron, editaron, imprimieron y presentaron al INRENA los PGMF de las concesiones de Loreto:

- CEDEFOR project has already complied its commitments with 14 concession holders in Loreto, regarding the elaboration of their General Forest Management Plans (GFMP), corresponding to a total of 96,751 hectares. Throughout this second quarter, all these GFMP elaborated by an external consultant were revised by WWF technical staff and were presented to INRENA.
- During this period, two documents are being prepared in order to be published in the coming months: *Industrial processing guide for making furniture with LKS woods* and a *Manual for Forest Management Committee (FMC)*. The latter document is being elaborating for a consulting firm (ILATA<sup>13</sup>) and INRENA, and will be distributed by INRENA at national level in all FMC. The first draft of this document has been validated in two workshops in San Martín and Madre de Dios, with the participation of representatives members from seven forest management committees.

#### **Key management issues**

- The revision and publication process has proved to be longer than expected. Several publications are delayed, others have been discarded or will be published in digital form to save up costs. Two publications have been added on the request of the certification initiatives: *a manual on industrial security* (result of the six months consultancy work in revision of industrial security measures in each initiative), and *a manual on the identification of 30 principal timber tree species* in Madre de Dios, which will be elaborated by the *Maderacre and Maderija* concessionary with some financial assistance of WWF.

### **IV. Success Stories and Other Appendices**

When appropriate and possible, include one or more one-page success stories appropriate for public dissemination.

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<sup>13</sup> Instituto Latino Alemán de la Tecnología del Aprendizaje.

Annex 1: Timeline for principal products

Region			Madre de Dios										Ucayali					Huanuco					San Martín					Loreto			
Clients		Period	Maderacre & Maderija	Emetci A y B	Forestal Río Huascar	Grupo Espinoza	ASCART/AC CA (brazil-nut)	Von Humboldt Forest	CFIA - Consorcio Forestal Amazónico		Fine forest		Wenceslao Carlos Muñoz Valdivia		EMALPA (Empresa Maderera La Palabra)		COPEFOR		Asociación Forestal Alto Saposoa		Ecomazan		Indufloa								
Forest area		30-Mar-2006	98,932	35,351	25,533	81,128	32,960	44,306	148,634		25,009		5,171		27,878		47,614		14,762		38,615		11,765								
Agreement signed		30-Mar-2006	done	done	done	done	done	done	done		TBD		done		TBD		TBD		done		done		done								
Selection of client		30-Mar-2006	done	done	done	done	done	done	done		done		done		done		done		done		done		done								
		baseline	done	10-Nov-05			done	done	10-Dec-05		15-Dec-05		15-Jan-06		done		done		31-Jan-06		31-Jan-06		done		20-Dec-05						
Base map for forest inventory		31-Dec-2005	done	done	done	3-Feb-06	done	done	10-Dec-05		15-Jan-06		done		done		done		31-Jan-06		31-Jan-06		done		done						
	5	30-Mar-2006	done	5	done	5	done	5	done	5	done	5	done	5	TBD	0	done	5	done	5	TBD	0	done	5	done	5					
		baseline	done	20-Nov-05			done	done	15-Dec-05		20-Dec-05		25-Jan-06		done		done		5-Feb-06		5-Feb-06		done		10-Jan-06						
Planning exploratory forest inventory		31-Dec-2005	done	10-Feb-06	10-Feb-06	20-Feb-06	done	done	done		20-Jan-06		done		done		5-Feb-2006		5-Feb-2006		done		done								
	2	30-Mar-2006	done	2	10-May-06	0	done	2	done	2	done	2	done	2	TBD	0	done	2	done	2	TBD	0	done	2	done	2					
		baseline	done	5-Jan-06			done	done	10-Jan-06		10-Jan-06		12-Feb-06		done		done		31-Mar-06		10-Mar-06		20-Nov-05		28-Feb-06						
Implementation exploratory inventory		31-Dec-2005	done	25-mar-06	25-Mar-06	20 abril 06	done	done	28-Feb-06		31-Mar-06		done		done		done		31-Mar-2006		10-Mar-2006		done		28-Feb-06						
	25	30-Mar-2006	done	25	25-May-06	0	done	25	30-Apr-06	0	7-Apr-06	0	TBD	0	done	25	done	25	done	25	TBD	0	done	25	16-May-06	0					
		baseline	10-Nov-05	10-Feb-06			done	done	15-Feb-06		20-Feb-06		15-Mar-06		1-Feb-06		1-Mar-06		30-Apr-06		31-Mar-06		15-Feb-06		31-Mar-06						
Forest management plan adjusted to international standards		31-Dec-2005	15-Feb-06	25-abril-06	25-abril-06	10-May-06	done	done	15-May-06		10-Apr-06		15-May-06		1-Feb-06		30-Apr-2006		31-Mar-2006		15-Mar-06		31-Mar-06		31-Mar-06						
	25	30-Mar-2006	done	25	25-Jun-06	0	25-Apr-06	0	28-May-06	0	done	25	30-Jun-06	0	24-Apr-06	0	TBD	0	20-Apr-06	0	TBD	0	15-Jun-06	0	31-May-06	0					
Forest management plan presented to INRENA		30-Nov-05	5-Mar-06	10-Mar-06	10-Mar-06	15-May-06	done	done	10-Mar-06		5-Apr-06		1-Apr-06		10-May-06		10-Apr-06		10-Apr-06		25-Feb-06		10-Apr-06		10-Apr-06						
	3	31-Dec-2005	17-Feb-06	27-Apr-06	27-abril-06	15-May-06	done	done	30-May-06		25-Apr-06		30-May-06		1-Mar-06		1-Apr-06		10-May-2006		10-Apr-2006		30-Mar-06		10-Apr-06						
		30-Mar-2006	20-May-06	0	10-Jul-06	0	19-May-06	0	6-Jun-06	0	done	3	7-Jul-06	0	2-May-06	0	TBD	0	25-Apr-06	0	TBD	0	30-Jun-06	0	21-Apr-06	0	31-May-06	0			
		baseline	done	done	done	done	done	done	20-Feb-06		20-Dec-05		15-Mar-06		25-Feb-06		15-Mar-06		15-Mar-06		20-Dec-05		done		done						
Planning commercial inventory 2006 harvest		31-Dec-2005	done	10-Feb-06	done	done	done	done	10-Apr-06		15-Feb-06		10-May-06		done		20-Nov-05		15-Mar-2006		15-Mar-2006		1-Apr-06		done						
	3	30-Mar-2006	done	3	done	3	done	3	done	3	done	3	done	3	done	3	TBD	0	TBD	0	TBD	0	done	3	done	3					
		baseline	20-Nov-05	5-Jan-06			done	done	5-Mar-06		15-Jan-06		1-Apr-06		10-Mar-06		1-Apr-06		1-Apr-06		30-Apr-06		15-Feb-06		30-Nov-05						
Implementation commercial inventory 2006		31-Dec-2005	done	20-Mar-06	done	done	done	done	30-Apr-06		15-Mar-06		30-May-06		done		15-Mar-06		1-Apr-06		30-Apr-2006		30-May-06		done						
	10	30-Mar-2006	done	10	done	10	done	10	done	10	done	10	30-Apr-06	0	30-Sep-06	0	TBD	0	done	10	TBD	0	Realizate Dec-05	0	17-Apr-06	0	done	10			
		baseline	15-Dec-05	5-Feb-06			31-en-06	5-Apr-06	25-Feb-06		5-May-06		10-Apr-06		20-Apr-06		30-Apr-06		15-May-06		28-Feb-06		15-Dec-05								
AOP 2006 elaborated		31-Dec-2005	done	20-abril-06	done	30-May-06	31-mar-06	15-May-06	31-Mar-06		5-Jun-06		20-Feb-06		20-Apr-06		30-Apr-2006		15-May-2006		1-Jul-06		31-Jan-06								
	3	30-Mar-2006	done	3	done	3	done	3	done	3	15-May-06	0	17-Apr-06	0	TBD	0	17-Apr-06	0	TBD	0	17-Apr-06	0	15-May-06	0	done (31 marzo)	0					
		baseline	10-Jan-06	20-Feb-06			15-Feb-06	20-Apr-06	25-Mar-06		20-May-06		5-May-06		5-May-06		15-May-06		20-May-06		5-Mar-06		10-Jan-06								
AOP 2006 presented to INRENA		31-Dec-2005	31-Jan-06	24-abril-06	31-Jan-06	5-Jun-06	15-Apr-06	30-May-06	10-Apr-06		30-Jun-06		5-May-06		15-May-2006		20-May-2006		10-Jul-06		15-Feb-06										
	3	30-Mar-2006	done	3	done	3	done	3	15-Apr-06	0	30-May-06	0	20-Apr-06	0	TBD	0	20-Apr-06	0	TBD	0	15-May-06	0	20-May-06	0	21-Apr-06	0					
1st Preliminar evaluation progress towards certification		baseline	done	15-Nov-05			NA	done	30-Nov-05		30-Nov-05		done		15-Nov-05		15-Dec-05		15-Dec-05		30-Nov-05		30-Nov-05								
	2	31-Dec-2005	done	done	done	10-Feb-06	NA	done	30-Jun-06		30-May-06		done		15-Apr-06		15-May-2006		15-Mar-2006		18-Jan-06		5-May-06								
		30-Mar-2006	done	2	done	2	done	2	done	2	done	2	30-Jun-06	0	TBD	0	done	2	15-Apr-06	0	15-May-2006	0	TBD	0	done	2	5-May-06	0			
Certification workplan defined*		baseline	done	5-Dec-05			NA	done	20-Dec-05		15-Nov-05		25-Nov-05		15-Jan-06		15-Jan-06		15-Jan-06		15-Dec-05		15-Dec-05								
	2	31-Dec-2005	done	25-Jan-06	25-Jan-06	25-Feb-06	NA	done	11-Jan-06		30-Jan-06		30-Apr-06		20-May-2006		20-May-2006		20-May-2006		10-Feb-06		10-Feb-06								
		30-Mar-2006	done	2	done	2	done	2	done	2	done	2	done	2	TBD	0	10-Apr-06	0	30-Apr-06	0	20-May-2006	0	TBD	0	done	2	done	2			
2nd Preliminar evaluation progress towards certification		baseline	20-Nov-05	5-Apr-06	20-May-06	15-Jun-06	NA	25-Apr-06	30-Mar-06		25-May-06		10-May-06		10-May-06		20-Aug-2006		15-Jun-06		15-Jun-06		15-Jun-06		15-Jun-06						
	2	31-Dec-2005	10-abril-06	15-May-06	20-May-06	15-Jun-06	NA	5-Jun-06	20-Jul-06		10-May-06		15-Jul-06		20-Aug-2006		15-Jun-06		15-May-2006		15-Jun-06		15-Jun-06		5-Jun-06						
		30-Mar-2006	10-May-06	0	15-Jul-06	0	20-May-06	0	15-Jun-06	0	done	2	5-Jun-06	0	20-Jul-06	0	TBD	0	10-May-06	0	15-Jul-06	0	20-Aug-2006	0	15-Jun-06	0	5-Jun-06	0			
Corrective measures initiated		baseline	30-Nov-06	10-Apr-06	30-May-06	5-Jun-06	NA	30-Apr-06	5-Apr-06		30-May-06		15-May-06		15-May-06		25-May-06		31-Jul-06		31-Jul-06		31-Jul-06		31-Jul-06						
	5	31-Dec-2005	30-abril-06	30-May-06	5-Jun-06	30-Jun-06	NA	10-Jun-06	30-Jul-06		30-May-06		15-May-06		20-Jul-06		21-Jul-2006		16-Jun-2006		31-Jul-06		31-Jul-06		31-Jul-06						
		30-Mar-2006	15-May-06	0	28-Jul-06	0	5-Jun-06	0	30-Jun-06	0	done	5	10-Jun-06	0	30-Jul-06	0	TBD	0	15-May-06	0	20-Jul-06	0	21-Jul-2006	0	16-Jun-2006	0	31-Jul-06	0			
Application for quotes of formal certification evaluation		baseline	done	10-Apr-06	15-May-06	15-May-06	NA	20-Jan-06	20-Feb-06		31-Mar-06		1-Apr-06		15-Aug-06		22-Jul-2006		31-Jun-2006		31-Jul-06		31-Jul-06		31-Jul-06						
		31-Dec-2005	done	15-abril-06	15-abril-06	15-May-06	NA	15-Jun-06	TBD		15-Jun-06		TBD		10-Apr-06		15-Aug-06		22-Jul-2006		31-Jun-2006		31-Jul-06		15-May-06						
		baseline	15-Nov-05	10-Dec-05	15-Nov-05	NA	25-Jan-06	25-Feb-06	5-Apr-06		10-Apr-06		10-Apr-06		10-Apr-06		10-Apr-06		15-Aug-06		15-Aug-06		15-Aug-06		15-Aug-06						
Selection certifier		31-Dec-2005	1-mar-06	1-abril-06	10-abril-06	10-Jun-06	NA	25-Jan-06	17-Jun-06		5-Apr-06		10-Apr-06		30-Aug-06		10-Aug-2006		5-Aug-2006		15-Aug-06		15-Aug-06								
		30-Mar-2006	#REF!	1-Jun-06	27-Apr-06	10-Jun-06	NA	TBD	17-Jun-06		TBD		20-Apr-06		30-Aug-06		10-Aug-2006		5-Aug-2006		30-Sep-06		30-Sep-06		15-Jun-06						
		baseline	10-May-06	15-May-06	15-Jun-06	10-Jul-06	NA	10-Jun-06	20-May-06		10-Jul-06		25-Jun-06		20-Sep-06		10-Jul-06		30-Sep-06		30-Sep-06		30-Sep-06		30-Sep-06						
Formal evaluation for certification implemented		31-Dec-2005	28-May-06	1-Jul-06	15-Jul-06	10-Jul-06	done	5	10-Jul-06	0	21-Aug-06	0	TBD	0	25-Jun-06	0	20-Sep-06	0	15-Sep-2006	0	30-Aug-2006	0		0	15-Aug-06	0					
	5	30-Mar-2006	28-Jun-06	0	15-Jul-06	0	15-Jul-06	0	15-Jul-06	0	done	5	10-Jul-06	0	21-Aug-06	0	TBD	0	25-Jun-06	0	20-Sep-06	0	15-Sep-2006	0	30-Aug-2006	0					
		baseline	25-Jun-06	30-Jun-06	30-Jun-06	15-May-06	25-Jul-06	15-May-06	25-Jul-06		25-Aug-06		30-Jul-06		5-Aug-06		20-Aug-06		15-Nov-06		15-Nov-06		15-Nov-06		15-Nov-06						
Corrective measures undertaken		31-Dec-2005	25-Jun-06	20-Aug-06	3-Aug-06	10-agost-06	15-May-06	25-May-06	10-Sep-06		25-Aug-06		30-Jul-06		30-Oct-06		20-Sep-2006		15-Sep-2006		15-Nov-06		15-Nov-06		15-Nov-06						
	5	30-Mar-2006	10-Jul-06	0	20-Aug-06	0	3-Aug-06	0	10-Sep-06	0	15-May-06	0	10-Sep-06	0	TBD	0	30-Jul-06	0	30-Oct-06	0	15-Sep-2006	0</									